



**MINISTÈRE  
DE L'ÉCONOMIE,  
DES FINANCES  
ET DE LA SOUVERAINETÉ  
INDUSTRIELLE ET NUMÉRIQUE**

*Liberté  
Égalité  
Fraternité*

**Conseil de normalisation  
des comptes publics**

La Présidente

Paris, July 7, 2025

Mr Ross Smith  
Technical director  
International Public Sector Accounting Standards  
Board  
International Federation of Accountants  
70 York Street, Suite 710  
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Ontario M5J 1S9 CANADA

**Re: Response to Exposure Draft ED93, *Definition of Material* (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)**

Dear Mr Smith,

The French Public Sector Accounting Standards Council (CNOCP) welcomes the opportunity to comment on Exposure Draft ED93, *Definition of Material* (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework) (ED93).

We would like to take the opportunity of this consultation to make general comments, before getting into more detailed comments on the proposals in ED93.

With respect to the phasing of the project, we would like to draw the attention of the Board on the fact that in phase 3, with the extension of the materiality concept to the sustainability landscape, the decision made on the definition in phase 1 may have to be revised.

On the concept of materiality, based on our experience and the Conceptual Framework for the French public sector<sup>1</sup>, we would like to mention to the Board that we mitigate the notion of materiality with that of confidentiality. An example would be not to disclose sensitive information on military nuclear facilities in the interest of the sovereign power.

We provide our detailed comments below by type of amendment presented in ED93.

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<sup>1</sup> See Conceptual Framework for Public Accounts, paragraph [116]: "Published accounting information is not intended to make disclosures of a genuinely confidential nature or that could adversely affect the strategic interests of the entity."

## **Amendment: Part 1 - Amendments to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities**

We agree that the addition of "primary" ahead of "users" in the description of materiality enhances internal consistency in the Conceptual Framework. We believe that introducing a restriction to **primary** users of GPFs in the description of materiality does not change the way materiality is apprehended by those who prepare GPFs.

## **Amendment: Part 2 – Amendments to IPSAS 1, *Presentation of Financial Statements***

We would like to take this opportunity to comment on ED93 to provide a general comment on the "discharge of accountability" addition to the description of materiality as compared to the IASB's definition. We commend the IPSASB for this addition that underlines the specificity of the public sector. However, because it has now been brought to IPSAS 1 for consistency purposes, we are concerned that preparers may find this addition difficult to implement in practice. Consequently, we would suggest that further guidance should be elaborated to allow "discharge of accountability" to be a factor that preparers may use to determine material information about:

- the entity's management of the resources entrusted to it for the delivery of services;
- the entity's service delivery achievements during the reporting period, as well as
- the entity's capacity to continue delivering services in future periods.

In that respect, we note that the project is phased-in and that phase 2 will be about providing guidance on making materiality judgements, with reference to IASB's Practice Statement 2. We believe that further guidance on "discharge of accountability" could be usefully provided as part of phase 2 of the project.

We also have some more detailed comments that we provide below.

In paragraph 12A, we find the first sentence confusing as, in our understanding, it would lead to read that materiality may change depending on the individual financial statement items assessed for materiality purposes.

We believe that materiality is meant as a threshold at the global level of financial statements, in an entity's specific context, and above which misstated information may influence the assessment of discharge of accountability or decision-making. Consequently, we think it should not be referred to as depending on "the nature and amount of the item judged". In addition, it seems to contradict the second sentence that states clearly that "An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements **taken as a whole.**"

We would therefore suggest modifying that first sentence of proposed paragraph 12A as follows:  
"Materiality is set in the particular circumstances of each entity to assess the importance of the item judged depends on both in terms of the nature and amount ~~of the item judged in the particular circumstances of each entity.~~"

We note that it is the same sentence as in paragraph 3.32 of the Conceptuel Framework, and we apologise for not spotting this at the time that part of the Conceptual Framework was published for comments.

We would also suggest revisiting the structure of paragraph 12A for clarity purposes: we would recommend splitting the paragraph in two, with a paragraph 12B dedicated to information that is obscured.

With respect to the Bases for Conclusion, in paragraph BC41, we find that the assertion "[...] *the materiality threshold was softened.*" to be uneasy to grasp fully. We are concerned it may have unintended consequences and we are unsure it adds value to the explanation, therefore, we would suggest deleting it, all the more that it the explanation is clearer in paragraph BC43(b).

Lastly, in paragraph BC42, we would suggest to add, in the last sentence, that the definition of material in IPSAS 1 is therefore not fully aligned with that of IAS 1/IFRS 18, to help clarifying that the explanation is about the difference with the IASB: "To reflect the difference in the public sector, the definition of material in IPSAS 1 includes the term discharge of accountability. It is therefore not fully aligned with the definition in IAS 1/IFRS 18, but it is consistent with the Conceptual Framework, ~~includes the term discharge of accountability.~~"

Yours sincerely



Marie-Christine LEPETIT

